

CLARKSON SECURITIES LTD

Supramax + Handy FFA Report

July 23rd 2007

Office
Betina Goodall
Mels Boer
Siri Sundal
Douglas Newton

TEL: +44 (0) 207 334 3151
MOB: +44 (0) 777 568 5381
MOB: +44 (0) 777 568 3153
MOB: +44 (0) 782 945 4742
MOB: +44 (0) 7820 45 47 43

Email

csi@clarksons.com

BSI	6TC AVG	Euro/USD	USD/Yen	UK/USD	180CST Rdam	MDO Rdam
4536	+33	\$47325	+341	1.3816	121.320	2.0585
					394.5	582.5

Baltic Supramax Index	\$ / day	Change	Monthly Avg
1a Cont - Far East	45,800	+225	45,150
1b Black Sea - Far East	45,800	+300	45,347
2 Transpacific R/V	41,415	+361	39,905
3 Far West - Cont	42,145	+222	41,150
4a USG - Cont	75,460	+665	66,303
4b Cont - USG	35,375	+272	34,447
5a WAF via Suez to Far East	65,394	+314	63,819
5b Japan/Korea via Asia to India	45,345	+164	43,894
6TC Average	47,325	+245	44,475

Baltic Handysize Index	\$ / day	Change	Monthly Avg
1 Cont - South America	26,886	+272	24,851
2 Cont - North America	27,484	+230	25,591
3 South America - Cont	45,279	+521	40,730
4 USG / NCSA - Cont	80,470	+495	41,347
5 SE Asia - Austr - Sing-Jap	28,564	+83	28,005
6 S Korea - Jap / NOPAC - Sing-Jap	28,804	+83	28,406
6TC Average	32,804	+134	30,264

Supramax FFA Curve 6TC

	Bid	Offer	one day change	7 day change
Q3	46500	47000	+375	+2505
Q4	46500	47250	+300	+2625
Q1	41750	42500	+250	+2125
Q1+2	40500	41500	+250	+2000
CAL 08	37750	38750	+750	+9500
CAL 09	27750	27500	+125	+1750

Handysize FFA Curve 6TC

	Bid	Offer	one day change	7 day change
Q3	30500	32000	0	0
Q4	30500	32000	0	0
Q1	27500	29000	+250	+750
Q1+2	26500	29000	+250	+1900
CAL 08	25250	25750	+500	+250
CAL 09	18750	20250	+250	+1750

Today's Comments :

The FFA's followed the indices on the way up today. It is encouraging to see the index going up with big steps, allowing the Supramax FFA's to rise without getting into contango. Most attention today was on the prompter periods, and it should be only a matter of time before the Q1 and Q1+2 go further up.

Looking at the physical market for fundamental guidance, there is continued strength in both the Atlantic and Pacific. With increased potlocks and grain storms out the USG driving the Atlantic and a Pacific period market that continues to keep the spot market well supported, it would seem the BSI should continue to firm through the week. Fundamental support further down the FFA curve is also coming from continued period interest for delivery during next year, with less of a forward discount than on the paper.

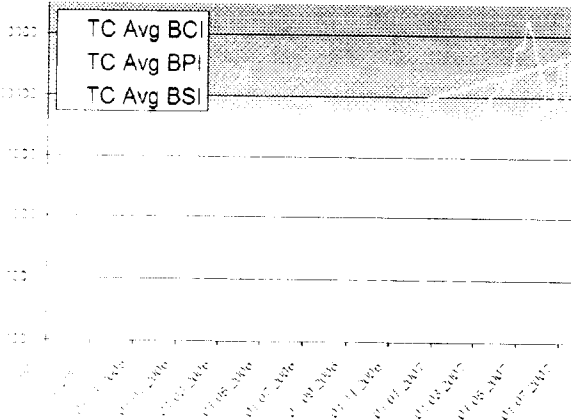
For technical guidance, have a look at the graph below. One of the key drivers of the dry freight market is the freight rates on the Capes. There is both a red resistance line and a green support line drawn in the graph. These lines are heading into a flag, which should mean that the index has to break either the support or the resistance line. With the Q1 trading at 103000/104000 it is likely to break out of the resistance and head north. This is supported by Cape fundamental expectations of building iron ore stocks during Q4.

For now it is a matter of keeping a close eye on this flag situation, because a move out a flag tends to cause an over-reaction which will obviously cause movement in the smaller sizes.

BCI 5415 +38 TC av 386750 +11755

BPI 7141 +32 TC av 357545 +1341

BHSI 2230 +17 TC av 332504 +1238



Smax / Pmax Spreads (based on mid price)

	Pmax	Smax	SPREAD	ratio
Q3	57375	46750	10625	23%
Q4	55250	46875	8375	18%
Q1	48625	42125	7500	18%
Q1+2	48750	41000	7750	19%
CAL 08	44375	38250	6125	16%
CAL 09	31875	27625	4250	15%

Smax / Handy size Spreads (based on mid price)

	Smax	Handy	SPREAD	ratio
Q3	48750	31250	15500	50%
Q4	46875	31250	15625	50%
Q1	42125	28250	13875	49%
Q1+2	41000	27750	13250	48%
CAL 08	38250	25500	12750	50%
CAL 09	27625	19500	8125	42%